

Resolution #3 Recommendation: DO PASS
Action Taken: Adopted

Subject: Predatory Lending in South Dakota

Source: Bear Butte Conference, Crossroads Conference, Hunger Task Force

WHEREAS, scripture, Martin Luther's writings, and the principles found in Lutheran ethical teaching expressed in our ELCA social statements warn about gaining wealth through exploiting the poor and direct us as Christians in society to advocate on behalf of the poor, the powerless, and those who suffer, and effectively address the causes of poverty; and

WHEREAS, the US Congress, at the request of the US Department of Defense, limited the interest rate on loans to active-duty military members and their families to 36% APR; and fourteen states and the District of Columbia have enacted strong state laws that effectively enforce a rate cap of 36% APR or less, as part of a nation-wide effort to reform predatory lending practices; and

WHEREAS, many high-cost small-dollar lenders engage in predatory practices, charging annualized percentage rates (APR) on loans in excess of 300%, with payday loans averaging 574% APR in South Dakota, causing significant harm to the economic wellbeing of some of the most financially vulnerable South Dakotans, ensnaring borrowers in a debt trap that can last for months or years, which reinforces a cycle of poverty, and frequently leaving borrowers less able to provide for themselves the necessities of food, shelter, and medical care; therefore be it

RESOLVED, that the South Dakota Synod ELCA call on our members to learn about predatory lending practices; and be it

RESOLVED, that we condemn as usurious any interest rate that exceeds 36% APR; and be it RESOLVED, that congregations of the South Dakota Synod, ELCA be encouraged and empowered to become trusted sources of information on the two 2016 South Dakota state ballot measures related to predatory lending; to advocate support of Initiated Measure 21 which puts a 36% APR limit on payday loans, car title loans, and installment loans; and to oppose adoption of Amendment U which changes the State Constitution to allow unlimited interest and fees on these loans, and be it further

RESOLVED, that the South Dakota Synod, ELCA direct Bishop David Zellmer to communicate this resolution to the Governor and members of the State Legislature, and to advocate to the South Dakota voting public on behalf of these actions.

MSC to adopt Resolution 3: Predatory Lending in South Dakota

(yes = 283, no = 41)

SA.16.15